

Charity Registration No. 1116751

Company Registration No. 05938633 (England and Wales)

THE ASFARI FOUNDATION
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020

THE ASFARI FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees Mr Ayman Asfari (Chair)
Mrs Sawsan Asfari
Mr John Ferguson FCA
Dr Marwan Muasher
Ms Rasha ElMasry
Mr Adeeb Asfari
Mr Kareem Asfari

Chief Executive Officer Saba Almubaslat

Charity number 1116751

Company number 05938633

Registered office Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Auditor HW Fisher LLP
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11-15 William Road
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NW1 3ER
United Kingdom

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8022 Zurich

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THE ASFARI FOUNDATION

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ASFARI FOUNDATION (A COMPANY LIMITED BY GUARANTEE) TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The Trustees present their report and accounts for the year ended 31 December 2020.

The accounts have been prepared in accordance with the charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Constitution

The Asfari Foundation is a company limited by guarantee (company number 05938633) and a registered charity governed by its memorandum and articles of association. Charity number in England and Wales: 1116751.

Directors and Trustees serving during the year and since the year end:

Mr Ayman Asfari (Chair)
Mrs Sawsan Asfari
Mr John Ferguson FCA
Dr Marwan Muasher
Mrs Rasha ElMasry
Mr Adeeb Asfari
Mr Kareem Asfari

Asfari Foundation Vision and Mission

The vision of the Foundation is of a world where people actively work together to create productive, inclusive, and just societies. Our mission is to educate young people from Syria, Lebanon, Palestine, and the UK, and to strengthen civil society organisations in their communities.

Asfari Foundation Objectives

- The advancement of education in any part of the world and in particular of young people from Syria, Lebanon, Palestine and the UK, including establishing and supporting schools, universities and other educational facilities.
- The promotion of civic responsibility, good citizenship and community development for the public benefit in particular but not exclusively for the benefit of young people and civil-society organisations from Syria, Lebanon, Palestine and the UK.
- The prevention and relief of poverty for the public benefit in any part of the world, in particular but not exclusively from Syria, Lebanon, Palestine and the UK, by raising awareness about poverty,
- The provision of grants to organisations providing nutritional, medical, shelter and other relief provisions and services.
- The advancement of human rights (as set out in the Universal Declaration of Human Rights and subsequent United Nations conventions and declarations), conflict resolution or reconciliation and the promotion of equality and diversity for the public benefit anywhere in any part of the world and in particular for young people from Syria, Lebanon, Palestine and the UK.
- In order to support our partners, the Asfari Foundation provides grants:
 - That are flexible and include individual and organisational capacity-building support.
 - For research into systemic issues.
 - That seed fund or test new ideas or approaches by organisations that we believe are particularly innovative, have strong potential to help young people, and are related to our thematic areas.
- Despite the ongoing challenges of COVID-19, the Foundation seized the opportunity to shift to more cost effective and efficient ways of delivery and ensure the sustainability of this delivery. This included:
 - Investing in digital organisational capacity and capabilities and digitising services where possible
 - Introducing basic digital literacy to beneficiaries and end users to ensure they are not cut off or excluded in the new digital world through the promotion of digital transformation grants and boosting e- learning content.

ASFARI FOUNDATION (A COMPANY LIMITED BY GUARANTEE) TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Asfari Foundation works through three Programmes with specific themes:

The Youth Learning, Entrepreneurship & Innovation Programme

Well-educated and engaged young people, working together with others as active members of society can make a genuine contribution to the development of their communities. The Asfari Foundation's objective is to address the structural and systemic issues that restrict the educational, vocational and business opportunities available to young people. It does so by investing in organisations and initiatives that contribute to the overall vibrancy, professionalism, effectiveness and accountability of innovation and entrepreneurship ecosystems in Palestine and Lebanon.

The Civil Society Programme

A strong, vibrant and resilient civil society is key to the development of all healthy, participatory democratic societies and thus critical to the future of Syria, Palestine and Lebanon. The Asfari Foundations aims to foster a strong and sustainable civil society that is able to effectively bring people together for the common good, providing quality information to citizens and policymakers, serving those in need and advocating for change. The Asfari Foundation currently focuses on civil society in, or of, Syria and Lebanon (including Palestinian organisations working in these countries). To do this, we support organisations and initiatives that contribute to the vibrancy, professionalism, effectiveness and governance of the civil society sector as a whole. We also continue to support and develop the Asfari Institute for Civil Society and Citizenship at the American University of Beirut which has become a regional centre with civil society expertise, providing support through research, convening and education.

Strategic Learning and Engagement Programme

The Foundation's partners work on societally transformative issues in one of the most combustible regions in the world. The data they generate offers rare insight into how civil society in the Middle East is developing; but their capacity to collect and share it is limited. The Foundation wants to leverage this data by creating an online portal (Midan) to become a digital learning and knowledge exchange for its peers, partners and wider practitioner and research communities, both in the Arab region and beyond. Midan will capture and present partner data and best practices to stakeholders across regional and global networks, helping to shape global understanding of the challenges of the region, and to share the innovative solutions and approaches developed in that context. Midan will also offer formal and non-formal e-learning in the Foundation's key thematic areas, in Arabic, to increase accessibility and relevance.

Performance of fundraising activities against objectives

The Asfari Foundation does not actively raise funds, income is received through donations from the Asfari Family to meet its objectives.

Organisational Structure

The Asfari Foundation's Articles of Association provides for a minimum of three Trustees, who are also directors for the purpose of company law. Trustees are selected for their skills and abilities to ensure that the overall governance is sound and meets its legal and moral obligations.

Newly appointed Trustees undertake a series of meetings with the Asfari Foundation's senior management to ensure they gain a full understanding of the Foundation and their responsibilities.

All grants paid by the Asfari Foundation are independently agreed by the Trustees collectively, following recommendations by the Projects Committee. Trustees with conflicts of interest declare these in advance and do not participate in related decision making.

Saba Almubaslat is the only Senior Manager at the Foundation for the year. In her capacity as the Chief Executive Officer, she is accountable for the team's performance and has the overall responsibility to ensure proper management of the foundation, so that its objects are met, and resources are well managed.

Future Plans and Recent Developments

The Asfari Foundation continues to make grants that strengthen organisations with a focus on youth education (entrepreneurship, education system improvement, and higher education provision), and in the field of civil society (governance, citizenship, and media). We support this work in Lebanon, Palestine, Israel, and the UK.

ASFARI FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2020

In its strategic plan for 2020, the Asfari Foundation envisaged mainstream use of digital capacity and technology to maintain partner support and to be able to respond to the needs of their communities at scale. As a result, when COVID 19 interrupted the traditional mediums of programme delivery, the Foundation reached out to partners and worked with them to amend their delivery plans so that most of their services are provided through digital platforms. To support partners through this digital transformation, the Asfari Foundation released The Digital Transformation Fund and the Digital Challenge, both of which offer partners access to quality digital learning, mentoring and financial support to operationalize such transformation in their line of business. In addition, and as a responsible donor, the Foundation is working closely with its partners to allow a thorough review of project plans and offered partners the option of a 'no-cost extension', to ensure they have additional time to conclude their activities, without any negative implications caused by COVID 19 lockdown time, which put most of the partners' projects on hold for a period of 3-4 months.

Financial Review

Total income for 2020 amounted to £3.7m million (2019: £5.2 m). Donations from the Asfari family constitute the principal source of income for the Foundation. Over the years, the family has made substantial donations to the Foundation. The Foundation also receives income from its investments.

Total expenditure on charitable activities for 2020 was £3.4 million (2019: £4.4 m). Of this total, £2.8 million (2019: £3.7 million) was spent on grants awarded across the Foundation's programmes. Support costs to operate the organisation amounted to £0.6 million (2019: £0.7m).

At 2020 year end, the funds of the Foundation were entirely unrestricted and amounted to £15.2million (2019: £16.4 m). During 2020, funds declined by £1.2 million (2019: augmented by £2.0 million) as a surplus of income over expenditure was offset by a net loss on investments.

Reserves Policy

In line with the recommendations of the Charity Commission, the Trustees have a regularly reviewed Reserves policy. This recognises that the income of the Foundation varies year on year and so to enable the Foundation to plan its activities, it is prudent to hold reserves. The policy also recognises that the reserves that represent the fixed assets and the restricted funds of the Foundation are not freely available and thus are to be distinguished from free reserves. In the annual review of the Reserves Policy the Board decided that in the prevailing economic climate it would be prudent to ensure that we have cover for 12 months of expenditure in our reserves. These reserves are held to ensure that the Trust can continue to engage in its charitable work even if adverse economic conditions constrain annual income.

Investment policy and performance

To mitigate financial risk, the Trustees have an investment policy that evolves in line with the strategic goals for the organisation. In the short term, the Foundation's investment objective is growth. Longer term (beyond 10 years), the objective is to provide income to support the Foundation's programme expenditure. The Asfari Foundation's Investment Committee reviews, monitors investments, and provides investment support to the Board.

Over the period of investment, the portfolio has performed well, despite the reduction in market value in 2020. In 2020 the Foundation maintained its investment portfolios with Credit Suisse to give greater diversification of the total investments in accordance with policy. In addition, the Foundation has direct shareholdings in three listed stocks and stakes in a private equity investment.

Public benefit statement

The Trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

Risk Management

A comprehensive risk register is managed by the Foundation and, for each risk, specific mitigations are put in place. The risk register is regularly reviewed by the CEO, the team and the Trustees to ensure risks are appropriately managed. An Audit and Risk Committee monitors and advises the Board on audit, risks, and policy development. Risks to which the Foundation is exposed to are regularly reviewed, and systems are established to mitigate them.

**ASFARI FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

FOR THE YEAR ENDED 31 DECEMBER 2020

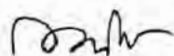
In 2020, the following risks to the Foundation were identified by Trustees and staff, and the following controls were in place for active risk management. The principal risks and countermeasures identified by Trustees include:

- **Business Continuity**
 - Appointment of a reputable and experienced IT provider to ensure connectivity within a timely manner following an IT failure.
 - Appropriate and secure cloud backup solutions.
- **Breach of regulations regarding the funding of terrorism, sanctions or facilitating the use of bribes.**
 - Robust policies and procedures to identify risks and mitigation through effective controls.
 - Appropriate vetting procedures documenting all investigations, rationale, and decision-making processes.
 - In-depth understanding of funding requirements and proposed usage of funds.
- **Reputation and Associations**
 - Transparency of internal framework in which the Foundation operates in accordance with all regulatory obligations.
 - Careful management of charitable activities.
 - Careful vetting of all partnerships
 - Close monitoring of changes to charitable regulations
 - Ongoing monitoring of media coverage and open-source information.
- **COVID-19 - Implications on business continuity and Foundation impact in the region**
 - Schedule quarterly online meetings with partners; carry out audit spot checks to ensure funds are being spent appropriately; request photo evidence of progress to be uploaded to Grant Management System.
 - Establish robust IT infrastructure including remote / secure file sharing and access to Grant Management System.
 - Ensure staff have appropriate broadband connection to sustain secure connection during working hours while working remotely.
 - Regular catch ups with staff scheduled with senior management to ensure health and wellbeing of staff is not being adversely affected by working from home.

Statement of disclosure to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



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Mr Ayman Asfari
Chairman

Dated: 28/7/2021

THE ASFARI FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees, who are also the directors of The Asfari Foundation for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE ASFARI FOUNDATION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE ASFARI FOUNDATION

Opinion

We have audited the accounts of The Asfari Foundation (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

THE ASFARI FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ASFARI FOUNDATION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the accounts in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the accounts that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: the Charity SORP, FRS 102, Charities Act 2011 and Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the disclosures in the accounts and determining whether accounting policies have been appropriately applied.
- Obtaining third-party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the charity board minutes, correspondence with solicitors, for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the accounts even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE ASFARI FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ASFARI FOUNDATION

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Rich (Senior Statutory Auditor)
for and on behalf of HW Fisher LLP

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

30/7/21.....

THE ASFARI FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted funds 2020 £	Unrestricted funds 2019 £
<u>Income and endowments from:</u>			
Donations and legacies	3	3,340,917	4,806,309
Investment income	4	351,790	443,225
Other income	5	12,012	-
Total income		<u>3,704,719</u>	<u>5,249,534</u>
<u>Expenditure on:</u>			
Charitable activities	6	<u>3,418,482</u>	<u>4,410,090</u>
Net gains/(losses) on investments	11	<u>(1,475,713)</u>	<u>1,192,547</u>
Net movement in funds		<u>(1,189,476)</u>	<u>2,031,991</u>
Fund balances at 1 January 2020		<u>16,433,464</u>	<u>14,401,473</u>
Fund balances at 31 December 2020		<u><u>15,243,988</u></u>	<u><u>16,433,464</u></u>

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

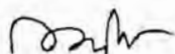
THE ASFARI FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	12		7,072		12,498
Investments	13		13,878,543		15,077,303
			<u>13,885,615</u>		<u>15,089,801</u>
Current assets					
Debtors	15	717,391		1,042,796	
Cash at bank and in hand		2,663,686		1,262,883	
		<u>3,381,077</u>		<u>2,305,679</u>	
Creditors: amounts falling due within one year	16	<u>(2,022,704)</u>		<u>(962,016)</u>	
Net current assets			1,358,373		1,343,663
Total assets less current liabilities			<u>15,243,988</u>		<u>16,433,464</u>
Income funds					
Unrestricted funds			15,243,988		16,433,464
			<u>15,243,988</u>		<u>16,433,464</u>

The accounts were approved by the board of directors and authorised for issue on 28.07.2021 and are signed on its behalf by:



Mr Ayman Asfari (Chair)
Trustee

Company Registration No. 05938633

THE ASFARI FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	19		1,049,013		481,667
Investing activities					
Purchase of tangible fixed assets		-		(194)	
Proceeds on disposal of investment property		-		8,137,358	
Purchase of other investments		-		(8,978,639)	
Investment income		351,790		443,225	
Net cash generated from/(used in) investing activities			351,790		(398,250)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			1,400,803		83,417
Cash and cash equivalents at beginning of year			1,262,883		1,179,466
Cash and cash equivalents at end of year			2,663,686		1,262,883

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

The Asfari Foundation is a charitable company limited by guarantee incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these accounts are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

These accounts are prepared on the going concern basis.

The trustees have considered the effect of the Covid-19 outbreak. The outbreak has caused little disruption to the charity's ability to continue as a going concern to date. The trustees consider it unlikely that a prolonged outbreak will cause significant disruption. Accordingly, at the time of approving the accounts, the trustees have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Property income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

Resources expended are recognised in the period to which they relate.

Direct charitable expenditure comprises all the expenditure relating to the activities carried out to achieve the charitable objectives.

Support costs represent costs that cannot be directly attributed to the charitable activities.

Governance costs include the costs of compliance with constitutional and statutory requirements and have been allocated to the charitable activities in the same proportions as support costs.

Staff costs and depreciation have been allocated in full to support costs.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office Equipment	20% Straight Line
Fixtures, fittings & equipment	20% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the accounts, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Grants payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in the Statement of Financial Activities.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. No significant accounting estimates or judgements were made in preparing these accounts.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Donations and gifts	2,737,981	3,845,103
Gift aid	602,936	961,206
	<u>3,340,917</u>	<u>4,806,309</u>

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Investment income

	2020	2019
	£	£
Rental income	4,400	143,130
Fund investment income	111,345	51,521
Listed investment income	233,194	238,857
Interest receivable	2,851	9,717
	<u>351,790</u>	<u>443,225</u>

The listed investment income comprises dividend income from shareholdings in Regional REIT and Royal Dutch Shell.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Other income

	2020	2019
	£	£
Other income	12,012	-
	<u>12,012</u>	<u>-</u>
	<u><u>12,012</u></u>	<u><u>-</u></u>

This related to recovery of donation made to Kid's Company which went into administration in 2014.

6 Charitable activities

	Grants to individuals and organisations 2020	Grants to individuals and organisations 2019
	£	£
Grant funding of activities (see note 7)	2,771,788	3,735,526
Share of support costs (see note 8)	632,894	662,544
Share of governance costs (see note 8)	13,800	12,020
	<u>3,418,482</u>	<u>4,410,090</u>
	<u><u>3,418,482</u></u>	<u><u>4,410,090</u></u>

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Grants payable

	2020 £	2019 £
Youth Empowerment	1,055,059	739,554
Civil Society	1,354,042	2,497,626
Relief	165,828	442,424
Cross programme	-	55,922
Strategic learning	196,859	-
	<u>2,771,788</u>	<u>3,735,526</u>

Please see note 21 on page 23 and 24 for detailed analysis of grants payable.

8 Support costs

	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	2019 £
Staff costs	356,544	-	356,544	368,864	-	368,864
Depreciation	5,426	-	5,426	4,935	-	4,935
Office costs	118,584	-	118,584	173,291	-	173,291
Other Professional Services	76,418	-	76,418	100,593	-	100,593
Investment management fees	43,130	-	43,130	-	-	-
Finance interest expense	32,792	-	32,792	14,861	-	14,861
Audit fees	-	13,800	13,800	-	12,020	12,020
	<u>632,894</u>	<u>13,800</u>	<u>646,694</u>	<u>662,544</u>	<u>12,020</u>	<u>674,564</u>
Analysed between						
Charitable activities	<u>632,894</u>	<u>13,800</u>	<u>646,694</u>	<u>662,544</u>	<u>12,020</u>	<u>674,564</u>

Total fees for services paid to the auditors over the year were £28,483 (2019: 36,149) and include the following:

Statutory audit	£13,800
Accountancy services	£14,683

9 Trustees

The Trustees do not receive any salary or other benefit except for the reimbursement of actual expenditure incurred in attending Board meetings or field visits. None of the Trustees have been paid any remuneration and other benefits by the charity or by related parties. All six Trustees directly incurred expenses related to travel, training and field visits for Foundation purposes; a total amount of £nil (£2019: £10,778) was incurred by the Foundation.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Employees

Number of employees

The Foundation aims to pay salaries that appropriately recognise and reward the qualifications, experience and responsibilities of its CEO and other employees, while also keeping salaries at a reasonable level compared to similar organisations in the sector. When posts are created, salary research is done with partners in the sector, through specialist agencies and tools. Salaries are adjusted with increased responsibility or a change of position, and occasionally increased in line with inflation.

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Managerial, administrative and programme technical	7	6

Employment costs

	2020 £	2019 £
Wages and salaries	317,111	321,952
Social security costs	30,466	32,491
Other pension costs	8,967	14,421
	<u>356,544</u>	<u>368,864</u>

The key management personnel within the Foundation is the Chief Executive Officer (CEO). The current CEO was the only member of staff who was remunerated within the pay band £90,000 to £99,999 (2019: £70,000 to £79,999). All staff are entitled to several benefits. A key benefit is the Foundation's pension scheme, which matches staff contributions of up to 5% of qualifying earnings. Remuneration paid to key management personnel in 2020 totaled £97,280 (2019: £109,529). This remuneration relates to gross salary paid.

The number of employees whose annual remuneration was £60,000 or more were:

	2020 Number	2019 Number
£70,000 - £79,999	-	1
£90,000 - £99,999	1	-

11 Net gains / (losses) on investments

	2020 £	2019 £
Revaluation of investments	(1,475,713)	1,206,854
Loss on sale of investment properties	-	(14,307)
	<u>(1,475,713)</u>	<u>1,192,547</u>

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

	Office Equipment	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2020	21,238	5,889	27,127
	—	—	—
At 31 December 2020	21,238	5,889	27,127
	—	—	—
Depreciation and impairment			
At 1 January 2020	13,451	1,178	14,629
Depreciation charged in the year	4,248	1,178	5,426
	—	—	—
At 31 December 2020	17,699	2,356	20,055
	—	—	—
Carrying amount			
At 31 December 2020	3,539	3,533	7,072
	—	—	—
At 31 December 2019	7,787	4,711	12,498
	—	—	—

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments

	Managed portfolios £	Listed investments £	Unlisted investments £	Total £
Cost or valuation				
At 1 January 2020	7,051,660	5,627,238	2,398,405	15,077,303
Valuation changes	251,772	(1,397,199)	(330,286)	(1,475,713)
Interest and management charges	(36,516)	-	(39,807)	(76,323)
Income retained in portfolio	53,364	-	299,912	353,276
At 31 December 2020	7,320,280	4,230,039	2,328,224	13,878,543
Carrying amount				
At 31 December 2020	7,320,280	4,230,039	2,328,224	13,878,543
At 31 December 2019	7,051,660	5,627,238	2,398,405	15,077,303

The listed investments consist of £2,519,906 (2019 : £3,457,617) Regional REIT Limited shares, £855,133 (2019 :£1,520,621) Royal Dutch Shell B shares, and £855,000 (2019: £649,000) Smithson Investment Fund shares.

The Foundation also holds investments worth £7,320,280 (2019: 7,051,660) in two Credit Suisse managed investment portfolios. In addition, the Foundation has unlisted investments including Jermyn Street Educational Real Estate Fund now valued at £2,220,153 (2019: £2,253,242).

14 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	13,878,543	15,077,303

15 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Gift aid receivable	602,936	961,275
Other debtors	14,172	14,912
Prepayments and accrued income	100,283	66,609
	717,391	1,042,796

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other taxation and social security	1,558	1,610
Grants payable	2,006,362	932,536
Trade creditors	339	12,295
Other creditors	429	-
Accruals and deferred income	14,016	15,575
	<u>2,022,704</u>	<u>962,016</u>

Grants payable relates to grants committed in furtherance of the charity's objectives that are expected to be made within twelve months. Due to COVID-19, some activities are being modified which may delay some payments.

17 Operating lease commitments

At the year end date the charity had outstanding commitments for future minimum lease payments under operating leases, which fall due as follows:

	2020	2019
	£	as restated £
Within one year	39,500	39,500
Between two and five years	117,745	157,245
	<u>157,245</u>	<u>196,745</u>

The operating lease relates to the rental of the Foundation's office over a period of 10 years. The total lease payment recognised as an expense in the year totalled £39,500 (2019: £39,500).

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Related party transactions

Ayman Asfari is on the panel of senior advisors of Chatham House. No grants were funded in 2020.

Marwan Muasher is the Vice President for Studies at Carnegie Endowment for International Peace (Carnegie). In June 2015, Carnegie was awarded a grant by the Asfari Foundation of \$1m over 3 years. In 2020 the Foundation donated \$146,400 (2019: \$120,000).

Ayman Asfari is a member of the Board of Trustees of Carnegie Endowment for International Peace.

Ayman Asfari and Marwan Muasher are Board members of the American University of Beirut to whom the Asfari Foundation donated \$nil in 2020 (2019: \$1,597,722).

Sawsan Asfari is a General Member of The Welfare Association. The Foundation donated £Nil in 2020 (2019: £10,000). Sawsan Asfari is also the Co-Founder and Director of the Galilee Foundation to whom the Asfari Foundation donated £75,000 in 2020 (2019: £75,000).

Rasha Elmasry is a Board Member at the Karam Foundation to whom the Foundation donated £Nil (2019: £20,000).

All grants and donations made by the Asfari Foundation are independently agreed by the Board of Trustees at the Foundation's Board meeting. Trustees with conflicts of interest declare these in advance and do not participate in related decision making. When a decision is required in relation to programmes or funding associated with organisations that receive funding from the Asfari Foundation, the relevant Trustee abstains from voting.

The total amount of donations given by the trustees to The Asfari Foundation in the year was £2,737,981 (2019: £3,845,103).

19	Cash generated from operations	2020 £	2019 £
	(Deficit)/surplus for the year	(1,189,476)	2,031,991
	Adjustments for:		
	Investment income recognised in statement of financial activities	(351,790)	(443,225)
	(Gain)/loss on disposal of investment property	-	14,307
	Fair value (gains) and losses on investments	1,475,713	(1,206,854)
	Depreciation and impairment of tangible fixed assets	5,426	4,935
	Interest and management charges paid from portfolio	76,323	22,500
	Income retained in portfolio	(353,276)	-
	Movements in working capital:		
	Decrease in debtors	325,405	114,497
	Increase/(decrease) in creditors	1,060,688	(56,484)
	Cash generated from operations	1,049,013	481,667

20 Analysis of changes in net funds

The charity had no debt during the year.

THE ASFARI FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

21 List of 2020 Grants by Programme / Organisation / Country

	Grant Location	2020 £	2019 £
Youth Empowerment			
Al-Fanar	Lebanon	75,000	75,000
Al-Nayzak	Palestine	75,000	72,980
Basma and Zeitooneh	Lebanon	75,000	73,511
Challenge to Change	Switzerland	10,000	-
ChangeLabs/Changemakers	Lebanon	30,000	-
Fondation Diane	Lebanon	75,000	-
Galilee Foundation	UK	75,000	75,000
Gaza Sky Geeks	UK	75,000	75,000
Pitchworthy	Lebanon	190,059	75,000
ShareQ	Lebanon	75,000	72,136
United Lebanon Youth Project	Lebanon	75,000	73,382
Year Here	UK	75,000	75,000
Yes Theatre	Palestine	75,000	72,544
YMCA	Lebanon	75,000	-
		1,055,059	739,554
		2020	2019
		£	£
Civil society			
Al-Jumhuriya	Turkey	75,000	75,931
Al Share Media	Canada	7,000	-
Atlantic Council of the United States	USA	-	37,736
Badael	Germany	75,000	72,545
CanDo	UK	75,000	75,000
Dawlaty	Brussels	75,000	71,629
Enab Baladi	Turkey	75,000	72,136
Hands Up Foundation	UK	75,000	75,000
Lebanon Support	Lebanon	7,000	-
Masar	Lebanon	37,500	-
Megaphone	Lebanon	37,500	-
Nahnoo	Lebanon	75,000	72,058
Roia	Netherlands	7,000	-
Syrian Centre for Legal Studies and Research	Germany	75,000	73,045
Syrian Centre for Media and Freedom of Expression	France	75,000	79,255
Syrian Centre for Policy Research	Lebanon	75,000	72,136
Syrian Archive	Germany	75,000	-
The Asfari Institute for Civil Society & Citizenship at AUB	Lebanon	283,042	1,662,514
The Syria Campaign	USA	75,000	72,927
Women Now	France	75,000	-
Other			-14,288
		1,354,042	2,497,626

THE ASFARI FOUNDATION

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
		£	£
Strategic Learning and Engagement			
Carnegie Endowment for International Peace	USA	21,352	-
Citizens Build a Community	Israel	7,000	-
Global Health Institute at the American University of Beirut	Lebanon	84,087	-
Hakini	Palestine	7,000	-
Hands Up Foundation	UK	7,000	-
Humanitarian Leadership Academy	UK	30,261	-
IDRAAC	Lebanon	7,000	-
RiyadA	Lebanon	7,000	-
ShareQ	Lebanon	7,000	-
Technovatio	UK	18,000	-
Other		1,159	-
		196,859	-
		2020	2019
		£	£
Cross Programmes			
SRM Intelligence and Risk Consulting	UK	-	200
Technovatio	UK	-	45,000
Other	UK	-	10,722
		-	55,922
		2020	2019
		£	£
Relief			
Al Quds Foundation for Medical Schools in Palestine	Palestine	6,250	-
Black Pearl	USA	-	31,000
Good Chance Theatre	UK	20,000	-
International Medical Education Trust	UK	-	20,000
Jusoor	USA	50,000	-
Karam Foundation	Turkey	-	20,000
Maram Foundation	Lebanon	-	54,000
Medical Aid for Palestinians	UK	-	53,000
Syrian Civil Defence	USA	-	77,349
The American University of Beirut	Lebanon	50,601	121,833
The Syria Campaign	USA	-	42,280
Welfare Association	UK	-	10,000
Other		38,977	12,962
		165,828	442,424
		2,771,788	3,735,526
Total Grants		2,771,788	3,735,526